

Rotterdam Rules: clubs in support of ratification

Although clubs say rules may add some extra costs, they believe a single liability regime would speed claims payments and reduce claims costs in long term

WITH weeks to go before the Rotterdam Rules will be open for ratification, the P&I clubs have thrown their support behind the new liability regime — fearing any alternative.

The controversial proposed rules have been designed to replace the multiplicity of liability regimes currently in existence, including the Hamburg, Hague and Hague-Visby Rules (as well as other regional variations such as the United States and Australian COGSA, the Nordic States Maritime Code and the Maritime Code of China).

It has won the support of the United Nations General Assembly and will open for signing in Rotterdam on September 23, needing 20 nations to sign up for it to be formally ratified and then come into force a year later.

However, the maritime industry is awaiting the response from the major marine and trading nations such as the European states, Japan, China and the US which will in effect decide the success or failure of the rules.

Germany has already said that it will not be rushing to sign the rules and will wait to gauge the international response whilst it is expected China will also play a

watching brief before making any decision.

The P&I community has backed the rules believing that while they may add some additional costs, a single global liability regime would speed claims payments and reduce claims costs in the longer term.

A meeting of P&I managers was held in July which agreed to maintain its support for the rules and the secretariat of the International Group has written to express the group's support for the rules.

As Mike Salthouse director of North Insurance Management, managers of the North of England Club, says the key driver for the clubs is a single standard which would reduce uncertainty and enable claims to be settled faster.

"While there will be some increase in costs in certain areas the clubs support the Rotterdam Rules because the other option is the emergence of regional liability solutions which would impact the ability to settle claims."

The US has been supportive of the move but the fear from clubs is that if the rules were to fail to be ratified the US would be amongst the major nations which would look to revise their current COGSA rules.

"The US is aware that its current rules need to be revised and have been supportive of the work towards the development of the rules as they can see the benefit of an international solution," adds Mr Salthouse.

"There has been some comment from the European states over what they see as the complexity of the rules while China is expected to wait and see while the Japanese have not made any indication on its view.

"The P&I and shipping communities have made their feelings known but this is a governmental issue and as such there is a great deal of uncertainty as to the response of the various governments.

"We might get 20 countries sign up but for the rules to work we need to get the European states, China, the US and Japan to ratify the rules."



Containers on the move: P&I clubs say a key driver in favour of the rules is a single standard which would reduce uncertainty and enable claims to be settled faster. Bloomberg